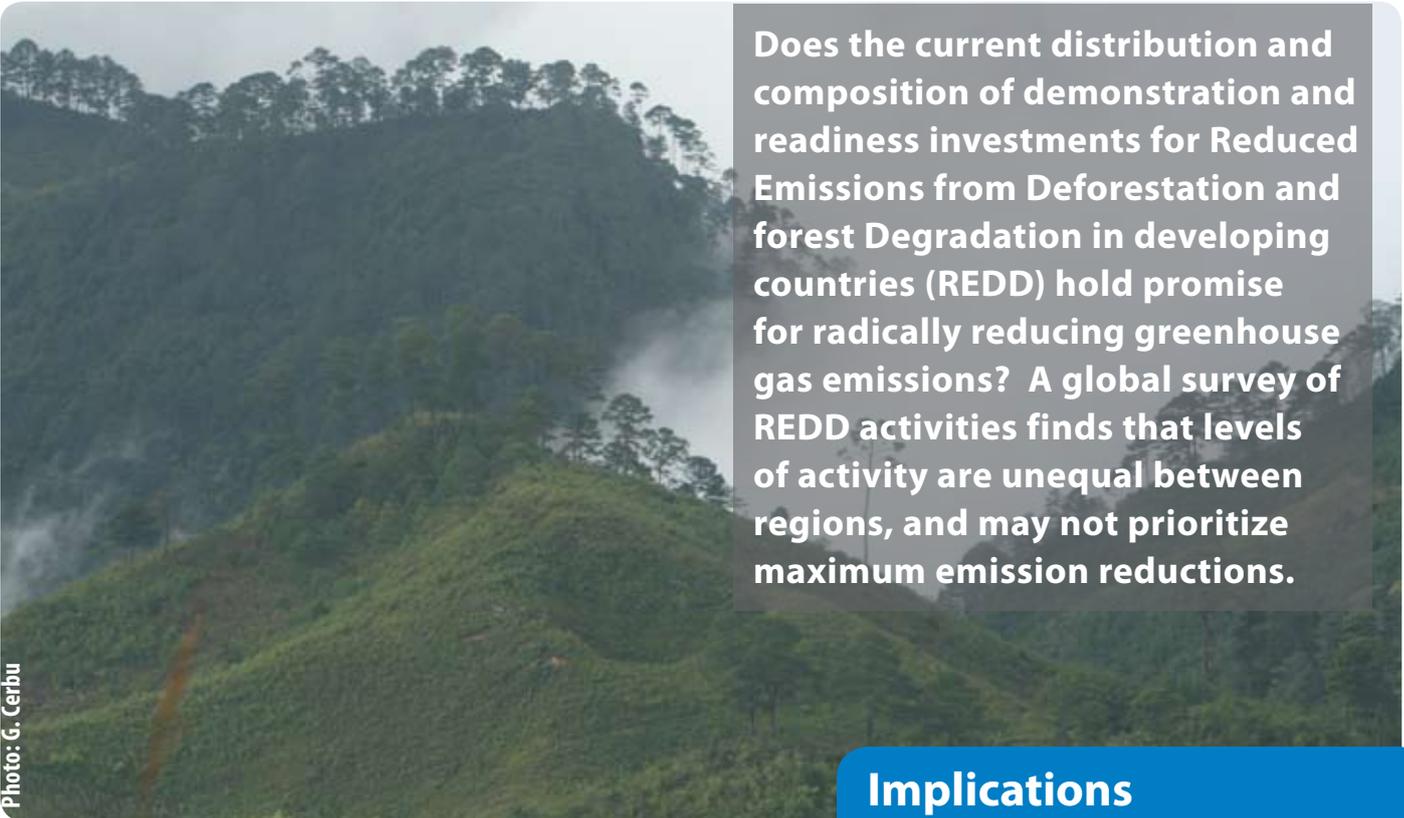


Global survey of REDD projects: What implications for global climate objectives?



Does the current distribution and composition of demonstration and readiness investments for Reduced Emissions from Deforestation and forest Degradation in developing countries (REDD) hold promise for radically reducing greenhouse gas emissions? A global survey of REDD activities finds that levels of activity are unequal between regions, and may not prioritize maximum emission reductions.

Photo: G. Ceribu

Key findings

- 1.** National REDD readiness activities are largely evenly distributed across Africa, Asia and Latin America, while demonstration activities are concentrated in East Asia, the Pacific and Amazon regions. Africa has the lowest number of demonstration projects.
- 2.** The greatest levels of REDD readiness and demonstration activities are in Indonesia and Brazil, countries with the greatest potential for reduced emissions from REDD. Otherwise, there is little relation between level of REDD investment and apparent potential for reduced emissions.
- 3.** Biodiversity co-benefits are a major motivation for investments in REDD demonstration activities.

Implications

- Continuing current investment patterns will miss important opportunities to maximize emission reductions from REDD
- The small number of REDD demonstration projects in Africa suggests a repeat of the inequitable distribution of projects already seen under the Clean Development Mechanism.
- Investments in REDD readiness and demonstration activities should be more consistently directed in order to advance both climate change and sustainable development objectives.



Photo: V. Meadu

A REDD demonstration project in Tanzania involves community members in measurement activities

The 2007 Bali Action Plan under the United Nations Framework Convention on Climate Change (UNFCCC) boosted interest and political will for action on Reduced Emissions from Deforestation and forest Degradation in developing countries (REDD). Since then, a multitude of actors have become involved in REDD-related activities. Although the UNFCCC indicates that emission reductions should be coupled with sustainable development benefits for host countries, specific criteria for investment have been diverse and uneven. This meta-analysis of 100 REDD demonstration projects and 79 national REDD readiness activities reveals that investments have not consistently prioritized effective emission reductions, and have unevenly valued the production of additional benefits for income, biodiversity and water protection services. While individual REDD investments are now generating data and lessons for improved future projects, analysis of the global investment portfolio shows significant gaps in existing initiatives to maximize synergies between mitigation and sustainable development objectives.

This brief presents results of a global inventory of REDD readiness and demonstration activities with a focus on reasons for location selection. Readiness activities involve national level readiness activities such as REDD strategy development, policies and capacity building under multi-lateral or bilateral programmes such as the World Bank Forest Carbon Partnership Facility (WB-FCPF) or the United Nations REDD (UN REDD) programme. Demonstration activities are sub-national level activities aimed at reducing emissions. Aside from identifying these activities, the study investigated the criteria used for locating investments at both national and sub-national demonstration levels. Although governance was noted as an important factor in location choice for REDD investments, an explicit analysis of governance was not one of the objectives of this study. Data for this study was obtained through literature review of project documents, web search and interviews with project members and investors. The data reflects the state of investments as of October 2009.

1. Distribution of national REDD readiness and demonstration activities

National REDD readiness activities are largely evenly distributed across Africa, Asia and Latin America, while demonstration activities are concentrated in East Asia, the Pacific and Amazon regions. Africa hosts the lowest number of demonstration projects.

The current distribution of REDD Projects and National readiness schemes (Figure 1) reveals that the East Asia and Pacific region appears to host the most projects (40), while South America's Amazon region hosts the greatest number of national readiness activities (19). As a single country, Indonesia stands out as hosting the largest group of projects (34) and implementing the most national readiness activities (7). Africa plays host to an equal number of multilaterally sanctioned REDD readiness activities at the national level (i.e. within the WB-FCPF and UN-REDD programmes). However the continent lags behind in terms of demonstration activities, with only 18 REDD demonstration projects established. This trend is potentially worrying as it seems to be a replay of the readiness phases of the Clean Development Mechanism (CDM). This lack of REDD investment in Africa could also be attributed to investor perceptions of poor governance increasing the risk for REDD investments.

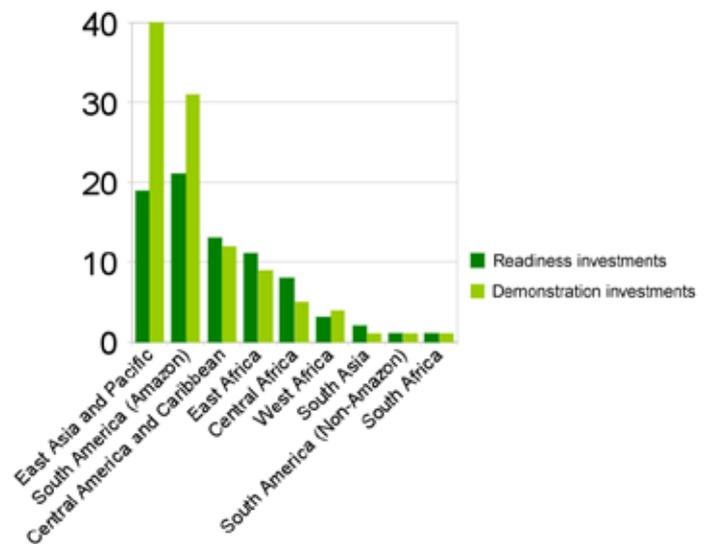


Figure 1 - National readiness and REDD demonstration projects by region

2. Current level of REDD investments vis-a-vis apparent potential for reduced emissions

The greatest levels of REDD readiness and demonstration activities are in Indonesia and Brazil, countries with the greatest potential for reduced emissions from REDD. Aside from these countries, there is little relation between level of REDD investment and apparent potential for reduced emissions.

This study noted a number of very diverse reasons for investments in both readiness and demonstration projects in developing countries including: biodiversity benefits, community benefits, user needs, threat of deforestation, and environmental values. A number of the priority countries for REDD effectiveness (in terms of deforestation rates and forest carbon stocks) such as Indonesia, Brazil and Tanzania have received justifiable and significant project investments. On the other hand, some countries and regions, such as those of the Congo Basin, have not received investments that reflect the technical potential for reducing emissions. Figure 2 shows the distribution of readiness and demonstration projects in the top REDD priority countries by forest carbon stocks and deforestation rate.

While we recognize that REDD effectiveness or climate goals may not be the only reason for investments, we also think that REDD priority countries, with otherwise weak governance and poor investment environments, also need attention. These countries have the potential to increase their emissions in the near future and thereby undermine the success that could have been achieved with current investments.

3. Biodiversity co-benefits are a major motivation for investments in REDD demonstration activities.

In an attempt to understand the motives behind the current distribution of REDD activities across the tropics, institutions' criteria for location selection were analyzed. These reasons were divided into two groups: official or publicly stated location selection criteria, and unofficial location criteria, gleaned from interviews and media sources justifying location selection for REDD activities. Governance is featured in the types of responses given for official/unofficial motives, but was not addressed in a separate question.

REDD location decisions are often based on a mixture of these official and unofficial criteria. The most often mentioned official criteria for location selection were biodiversity benefits, and the primary unofficial reasons for project site selection were previous relationships in the country or region, or with stakeholders. **Figures 3a and 3b** show the frequency of various official and unofficial criteria stated as a basis for site selection investments.

Many project investors already support Integrated Conservation

Development Projects (ICDPs) that are designed to achieve biodiversity, conservation and development goals. Building REDD into an existing ICDP is perceived as a potentially low-cost/low-risk investment. As a result, NGOs, Governments, and bilateral organizations implementing projects prefer to invest in areas where they are already working on forest conservation or land-use planning, and where they have existing relationships

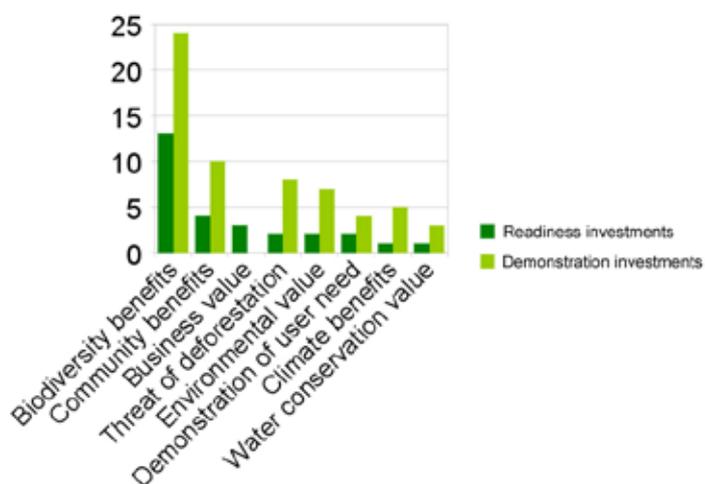


Figure 3a – Official Criteria – REDD Readiness and Project Investments

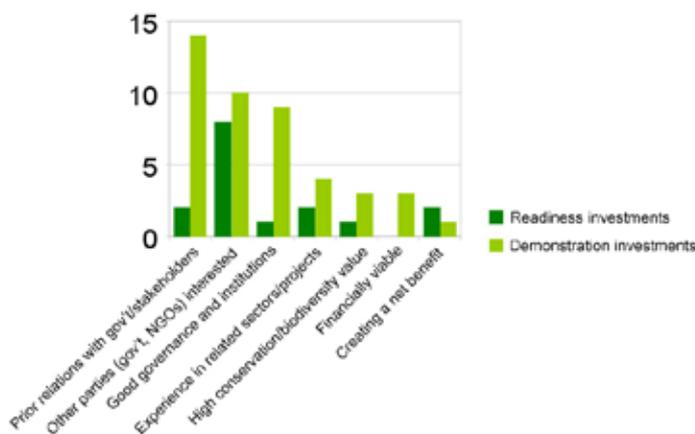


Figure 3b – Unofficial Criteria – REDD Readiness and Project Investments

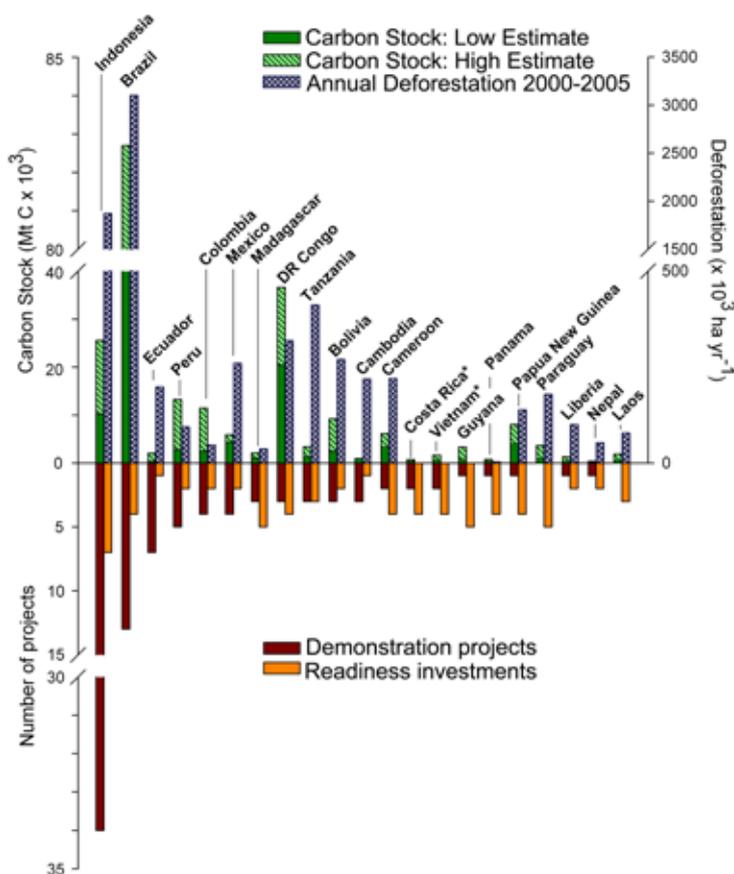


Figure 2 - Carbon Stocks, Deforestation and REDD Investments

Data on national-level carbon stock estimates from Gibbs et al. 2007a and 2007b. Data on deforestation from FAO 2007. Countries marked * are reforesting, although carbon loss through forest degradation remains an issue.

with stakeholders. REDD has also been viewed by many project developers as an opportunity to raise additional funds for integrated conservation-development and sustainable forest management. REDD activities in Indonesia, Madagascar and Brazil appear to follow this pattern.

Overall, our analysis suggests relatively independent processes for identifying readiness and project investments. Readiness investments seem to reflect "equity" considerations, while project investments seem to reflect the expected effectiveness of implementation of project activities (i.e. governance, past experience) and co-benefits (i.e. biodiversity) that may have little to do with climate change or sustainable economic development in host countries. Perceptions of weak governance appear to be dissuading investments in the humid forests of Africa, despite the high mitigation potential of the region. Paradoxically, REDD readiness investments have often neglected the weak-governance and high-deforestation countries that could benefit from increased capacity to implement REDD.

Implications

Continuing current investment patterns will miss important opportunities to maximize emission reductions from REDD

If REDD investments were predominantly guided by climate change principles, that is, focused on technical potential (i.e. carbon stocks and deforestation rates) of reduced emissions from deforestation and forest degradation, then criteria for investment would be different from the pattern that has so far emerged. From a pure climate perspective, countries with high carbon stocks, high risk of forest loss, and relatively good governance would be priority candidates for REDD project investments, while countries with high carbon stocks, lower immediate risk for forest loss, and weak governance and capacity, would be good candidates for readiness investments. Between these ideal investment candidates are countries with high carbon stocks, high risk, and weak governance. Strategies that combine short-term action and long-term capacity building may be appropriate in such circumstances.

While it is clear that several factors beyond climate change objectives will guide the location of REDD project investment, REDD will not result in significant emissions reductions if countries with high emissions from deforestation receive no REDD-related investment and corresponding support for the creation of alternatives to the practices and land uses that drive deforestation.

The small number of REDD demonstration projects in Africa suggests a repeat of the inequitable distribution of projects already seen under the Clean Development Mechanism

Although initially anticipated to break down the barriers to African participation, as seen in the CDM, the small number of REDD demonstration projects in Africa suggests a repeat of the

inequitable distribution of CDM projects. While countries in other regions are already gaining practical lessons from REDD demonstration activities, Africa has few solid local experiences to learn from.

Although readiness investments are being made in Africa with the hope of effectively preparing countries for projects, countries in Africa need easier access to REDD lessons-learned and experiences to help inform local and regional policies and institutions, and enhance buy-in. REDD demonstration projects could make readiness investments more effective. A further examination of governance needs, especially as pertaining to the African continent, in light of REDD could increase overall REDD investment equity.

Investments in REDD readiness and demonstration activities should be more consistently directed in order to advance both climate change and sustainable development objectives

The development of REDD readiness and demonstration projects needs a better conceptual, research and information basis to enable more effective and equitable decision-making for achieving both climate change and sustainable development objectives.

The evidence emerging from this study suggests that many countries have little information on the real costs of REDD: opportunity costs, transaction costs and implementation costs. Demonstration project investors and decision-makers also need better access to information on technical potentials for REDD, especially those acting at the sub-national level. Finally, more work on a systematic and comprehensive framework is needed for assessing REDD investments, in order for REDD to successfully contribute to significant emissions reductions.

The ASB Partnership for the Tropical Forest Margins is working to raise productivity and income of rural households in the humid tropics without increasing deforestation or undermining essential environmental services. ASB is a consortium of over 90 international and national-level partners with an ecoregional focus on the forest-agriculture margins in the humid tropics, with benchmark sites in the western Amazon basin of Brazil and Peru, the Congo Basin forest in Cameroon, southern Philippines, northern Thailand, and the island of Sumatra in Indonesia.

The ASB Policy Briefs series aims to deliver relevant, concise reading to key people whose decisions will make a difference to poverty reduction and environmental protection in the humid tropics.

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